

China Investment Strategy

June 2020

LGT – VALUES WORTH SHARING

LGT Private Banking Asia, June 2020

Positive performance in the past is no guarantee of positive performance in the future. The risk of price and foreign currency losses and of fluctuations in return as a result of unfavorable exchange rate movements cannot be ruled out. The forecasts herein constitute a judgement of LGT/ third parties as at the date of this document, and there can be no assurance that future results or events will be consistent with any such forecasts.



Key Messages

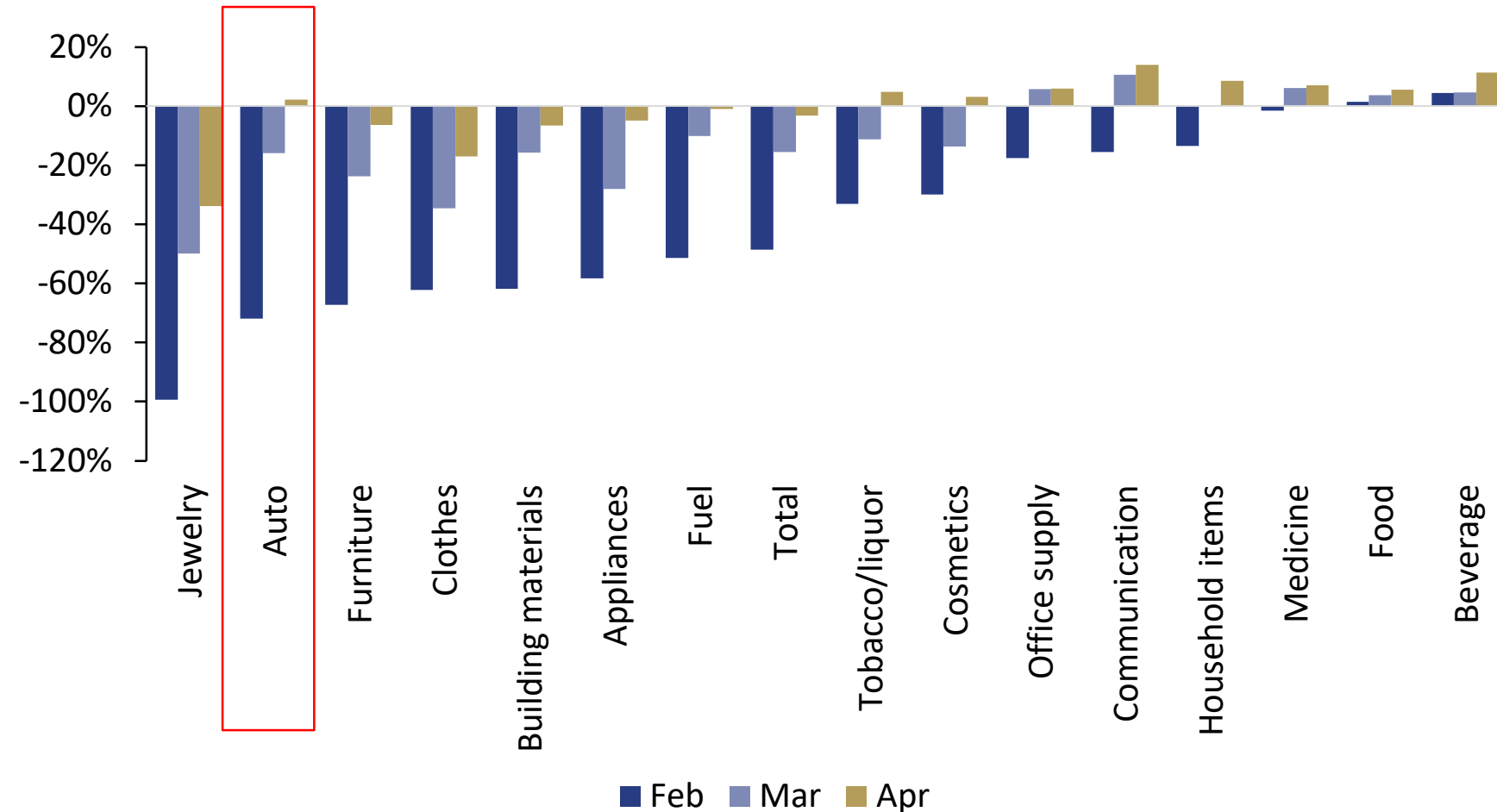
- **Prime Minister Li Keqiang delivered the Government Work Report at the *National People's Congress* (NPC)** which started on May 22 and outlined the key economic targets for 2020.
 - there is **no GDP growth target for 2020** while the market had expected a growth target of about 3%;
 - the **2020 fiscal deficit target was set at "3.6% or above"**, vs 2.8% in 2019. The "or above" term is a new expression which may suggest flexibility in spending going forward, in our view;
 - the **CPI inflation target was set at 3.5%**, which was the same as the original target set at the *Central Economic Work Conference* (CEWC) in December;
 - the **target for the urban surveyed unemployment rate was raised from 5.5% in 2019 to 6.0%** this year.
 - money and total social financing (TSF) growth would be "significantly above" last year's levels;
- **US-China tensions have re-emerged as a focal point of 2020 politics** and continued to escalate in recent weeks. It appears unlikely that China will be able to meet the numerical targets agreed under the Phase One trade deal, given the reduced demand in China due to Covid-19 and a sharp decline in energy prices.
- **After heated rhetoric and the decision to no longer recognize Hong Kong as "sufficiently autonomous" from Mainland China, ultimately the US policy response has been limited thus far, in our view.** Neither the financial system nor the USD-HKD currency board regime are in scope under the US move.

Economic Overview

- In China, **retail sales fell -7.5% y/y in April**, recovering from the sharp decline of -15.8% in March. Detailed breakdowns of the data suggested **the recovery was broad-based**, with recovery most striking in the auto sector while restaurants, jewellery and clothes remained the laggards.
- The **NBS manufacturing Purchasing Manager Index (PMI) edged down to 50.8 in April from 52.0 in March**. By breakdown, production remained resilient at 53.7 in April, vs 54.1 in March, while new orders and employment both eased to 50.2, from 52.0 and 50.9 respectively in March. The **negative shocks from external demand have become evident in the trade-related indices**, with new export orders falling notably to 33.5 from 46.4 amid a sharp decline in new orders from overseas and cancellation of existing orders.
- **Hong Kong's jobless rate rose for the seventh straight month to 5.2%**, the highest in more than a decade. We expect the labour market to stay under pressure in the near term. GDP contracted -8.9% y/y in 1Q2020, the biggest drop since the data became available in 1974. This marked the third straight quarter of contraction.
- Overall, **we expect China's recovery to continue in Q2. The normalization of domestic consumption will be a key driver of the economy**, whereas the potential weakening external demand from the US and Europe will remain as one of the major risk factors to China's economy in the coming months.

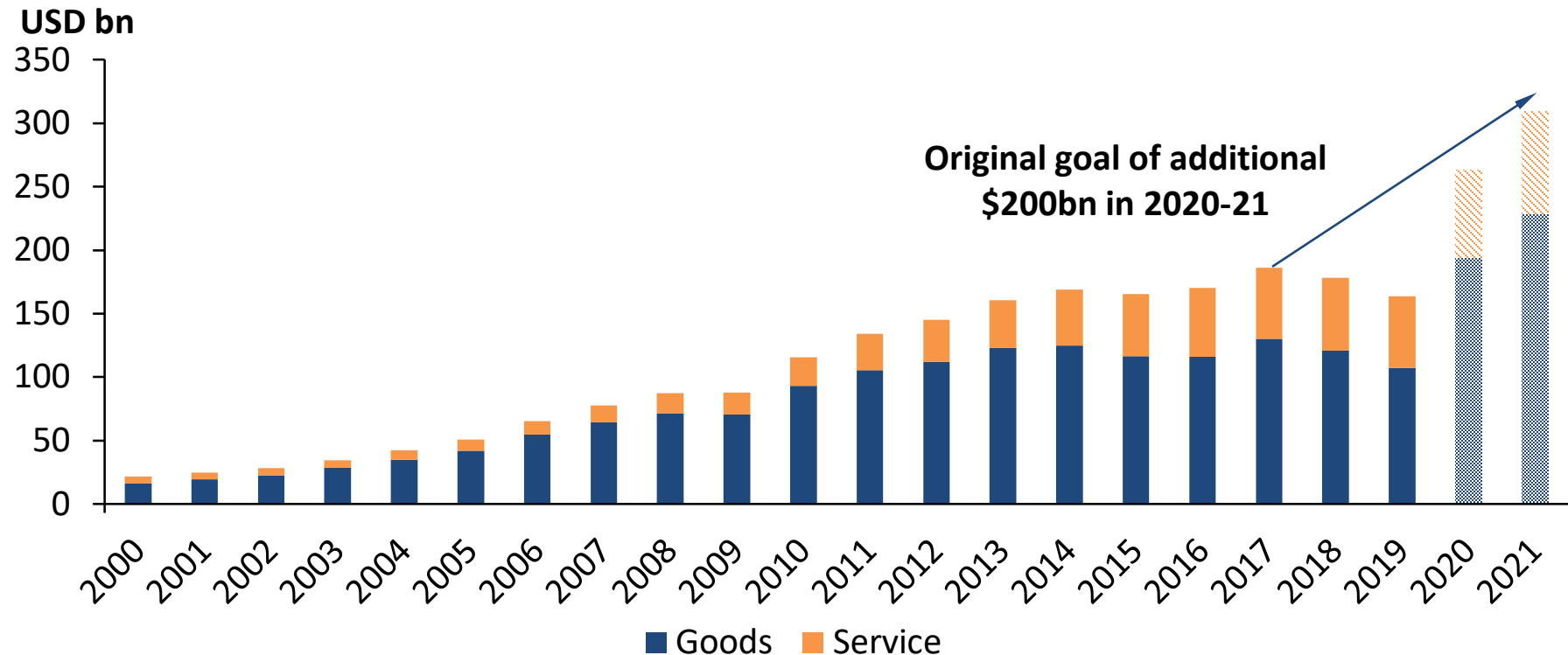
Significant and widespread recovery in retail sales of goods from February to April

Real retail sales of goods, y/y%



Source: Bloomberg, Goldman Sachs, LGT, May 2020

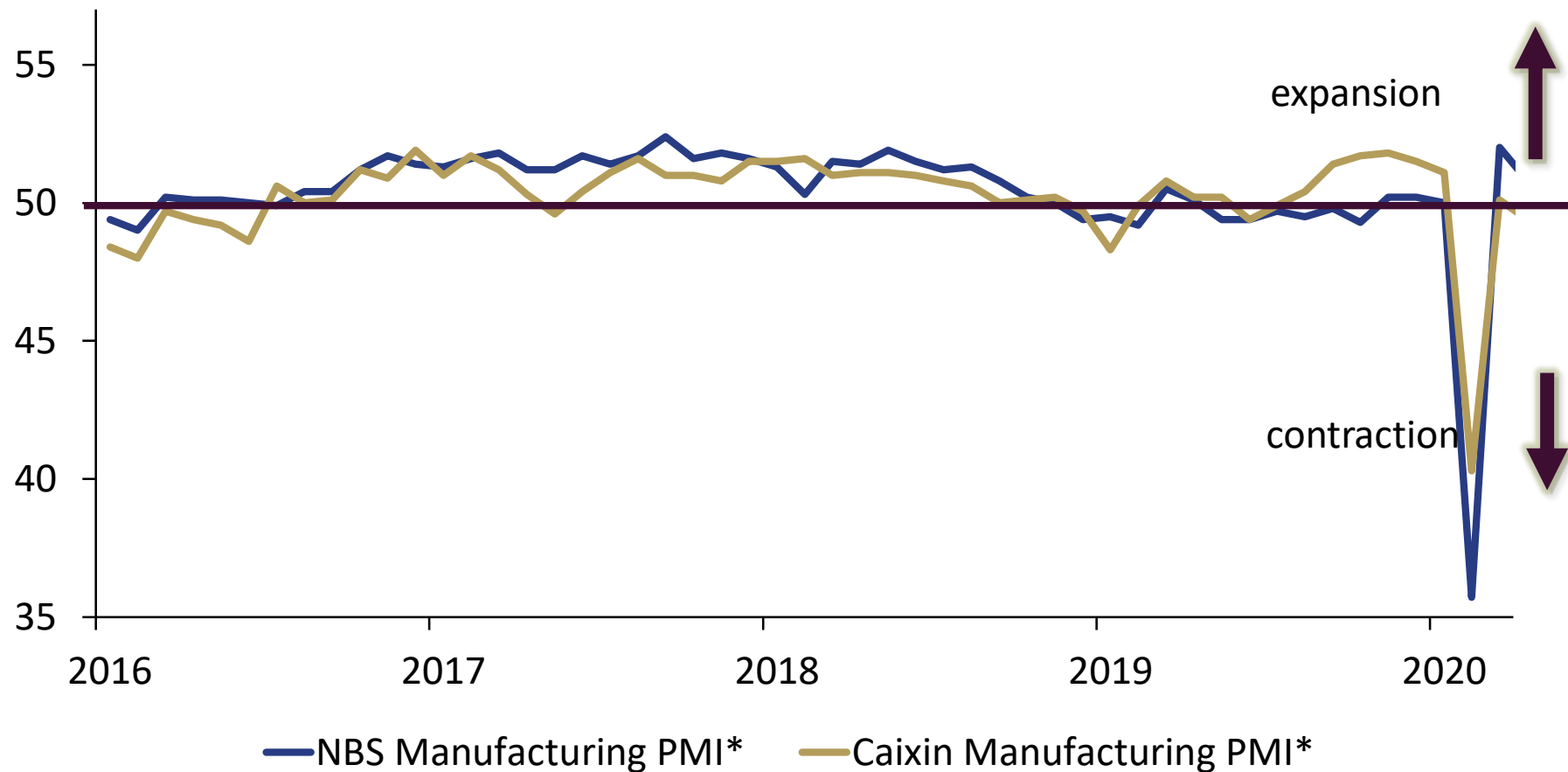
China is unlikely to meet the "Phase One" trade deal import targets



- China agreed to purchase at least US\$200bn worth of extra US products and services from the 2017 baseline amount in the "Phase One" trade deal – US\$76.7bn in 2020 and US\$123.3bn in 2021. The current run rate of China's import from the US is notably below the target levels as it fell -17% y/y in 1Q20.

April PMI suggests economy continued to expand at a slower rate after significant improvement in March.

Index, sa



*Purchasing Managers Index

Source: NBS, Bloomberg, LGT, May 2020

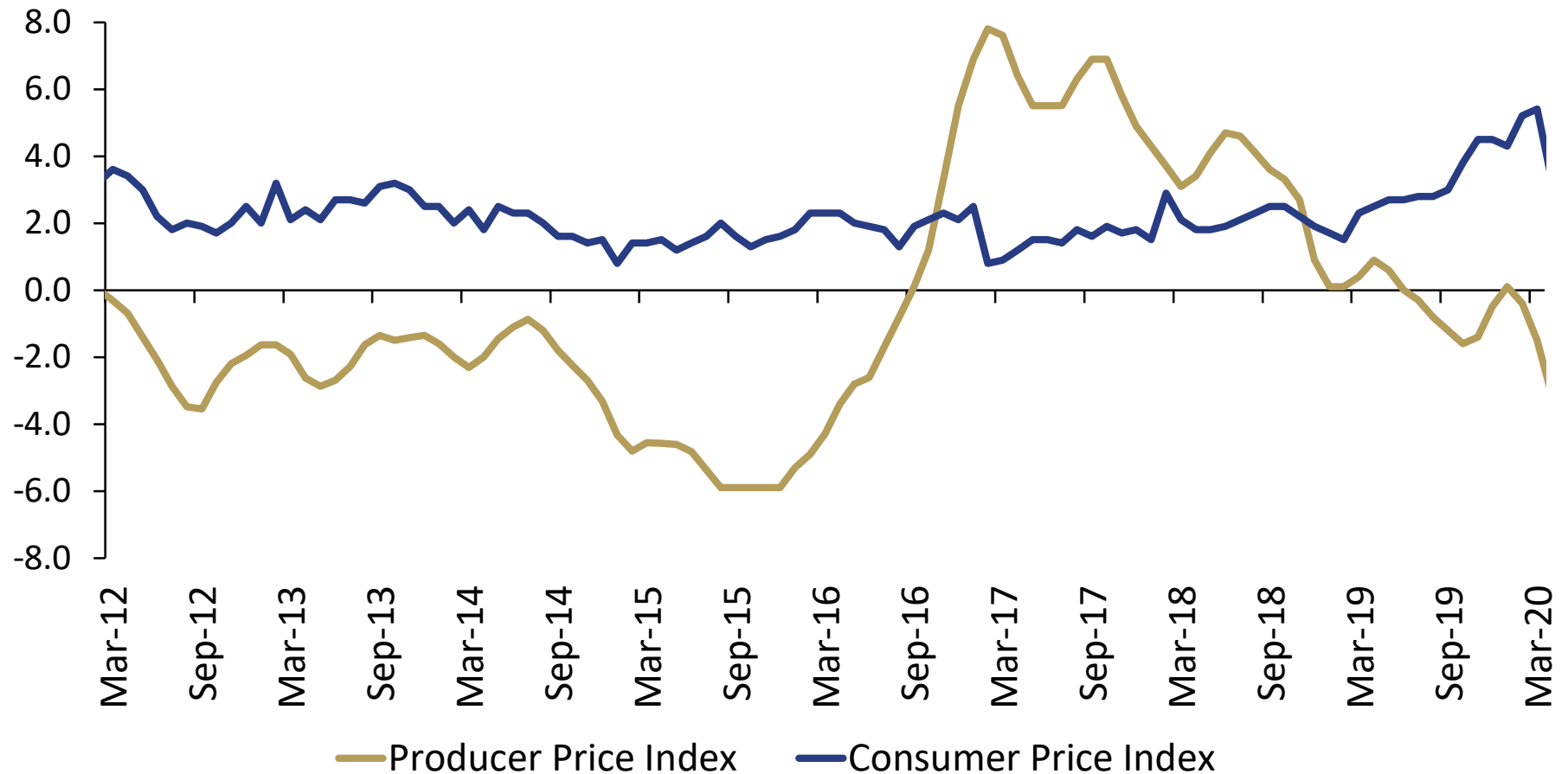
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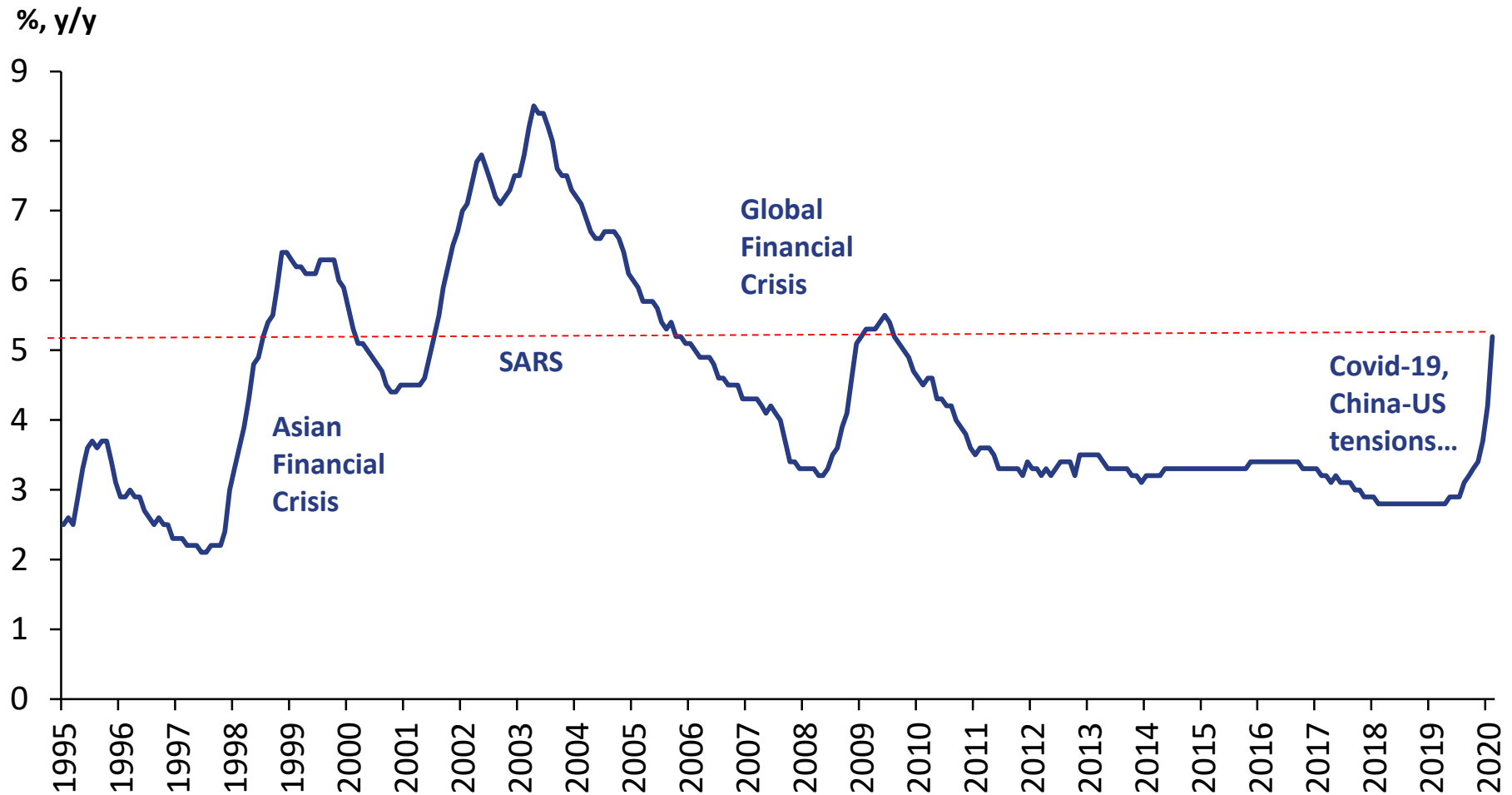
CPI inflation declined in April while PPI deflation fell further

%, y/y



Source: Bloomberg, LGT, May 2020

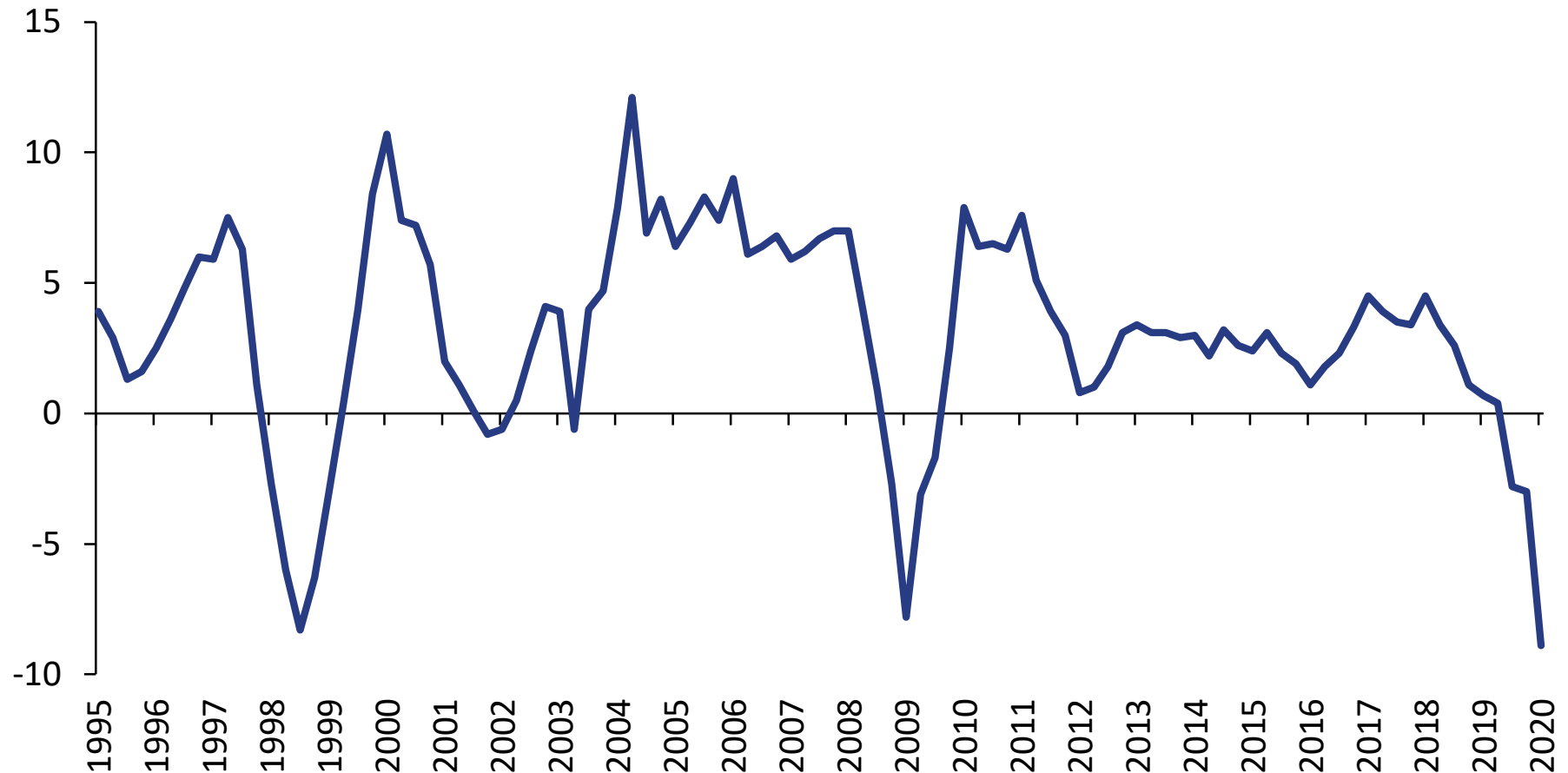
Hong Kong's jobless rate rose for the seventh straight month to 5.2%, the highest in more than a decade



Source: Bloomberg, LGT, May 2020

Hong Kong's GDP contracted -8.9% y/y in 1Q2020, the biggest drop since the data became available in 1974

%, y/y



Source: Bloomberg, LGT, May 2020

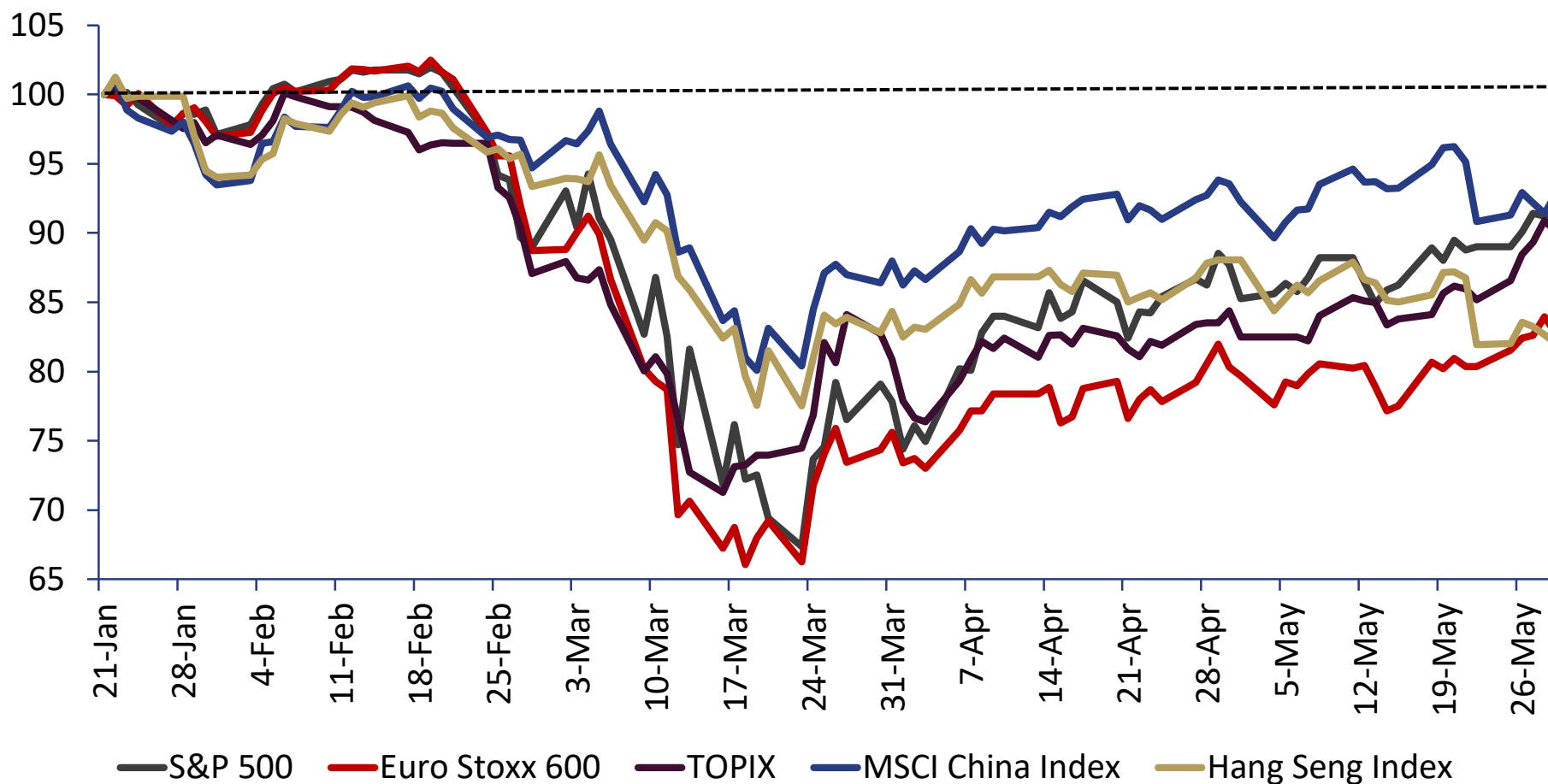
Equities and Bonds

- **MSCI China has continued to recover and outperform**, driven by the contained local COVID-19 infection rate and signs of bottoming out of the macro economic slowdown. Latest macro activity data confirms that the economy recovery is on track, with normalizing production activities and gradual recovery in domestic demand.
- On May 18, *Hang Seng Indexes Company Ltd.* announced that **weighted voting right companies (WVRs) and/or secondary-listed companies in Hong Kong from the Greater China region will be eligible for inclusion in the *Hang Seng Index (HSI)* and *Hang Seng China Enterprises Index (HSCEI)***. *Hang Seng Indexes Company* will implement the above changes starting from its August 2020 index review, and hence any potential inclusions could be made in August at the earliest.
- On Wednesday May 20, the US Senate passed the **Holding Foreign Companies Accountable Act** by unanimous consent. The proposed bill states that if a covered entity has 3 consecutive “non-inspection years” (e.g. unable to audit the company), the *US Securities and Exchange Commission (SEC)* “shall prohibit the securities of the covered issuer from being traded on a national securities exchange”, potentially leading to suspension or de-listing of Chinese ADRs* in the US.

**American Depositary Receipts*

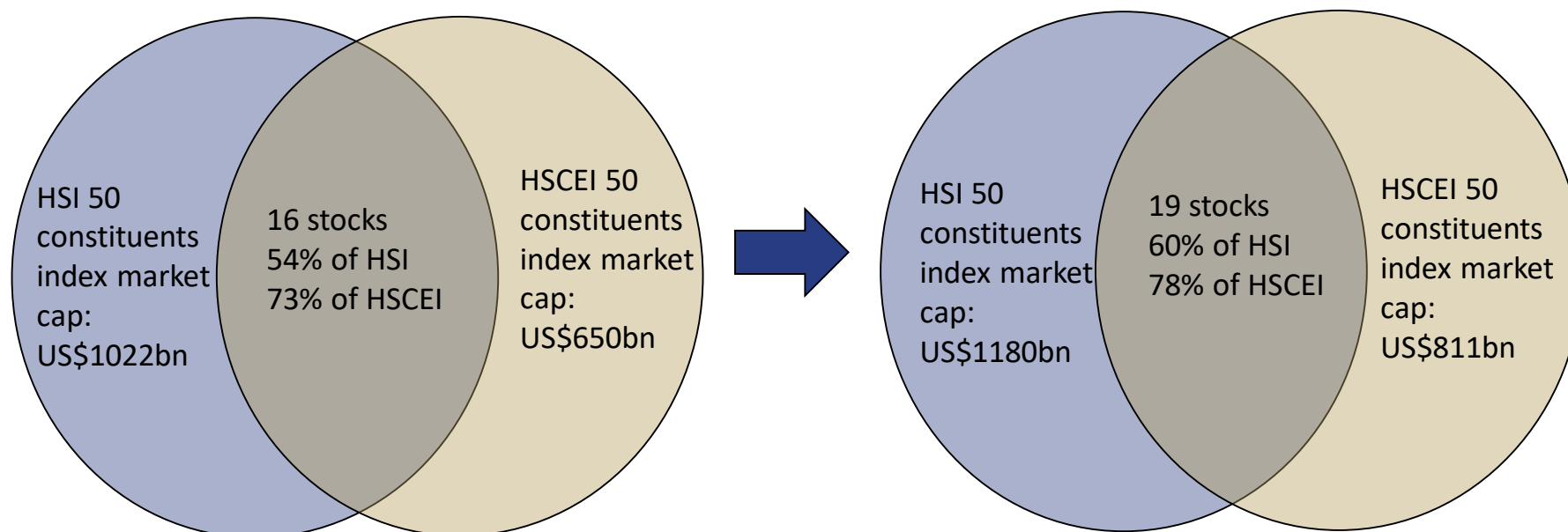
MSCI China continued to outperform its peers in May

Market performance of equity indices, rebased at 100



Source: Bloomberg, LGT, as of 29 May 2020

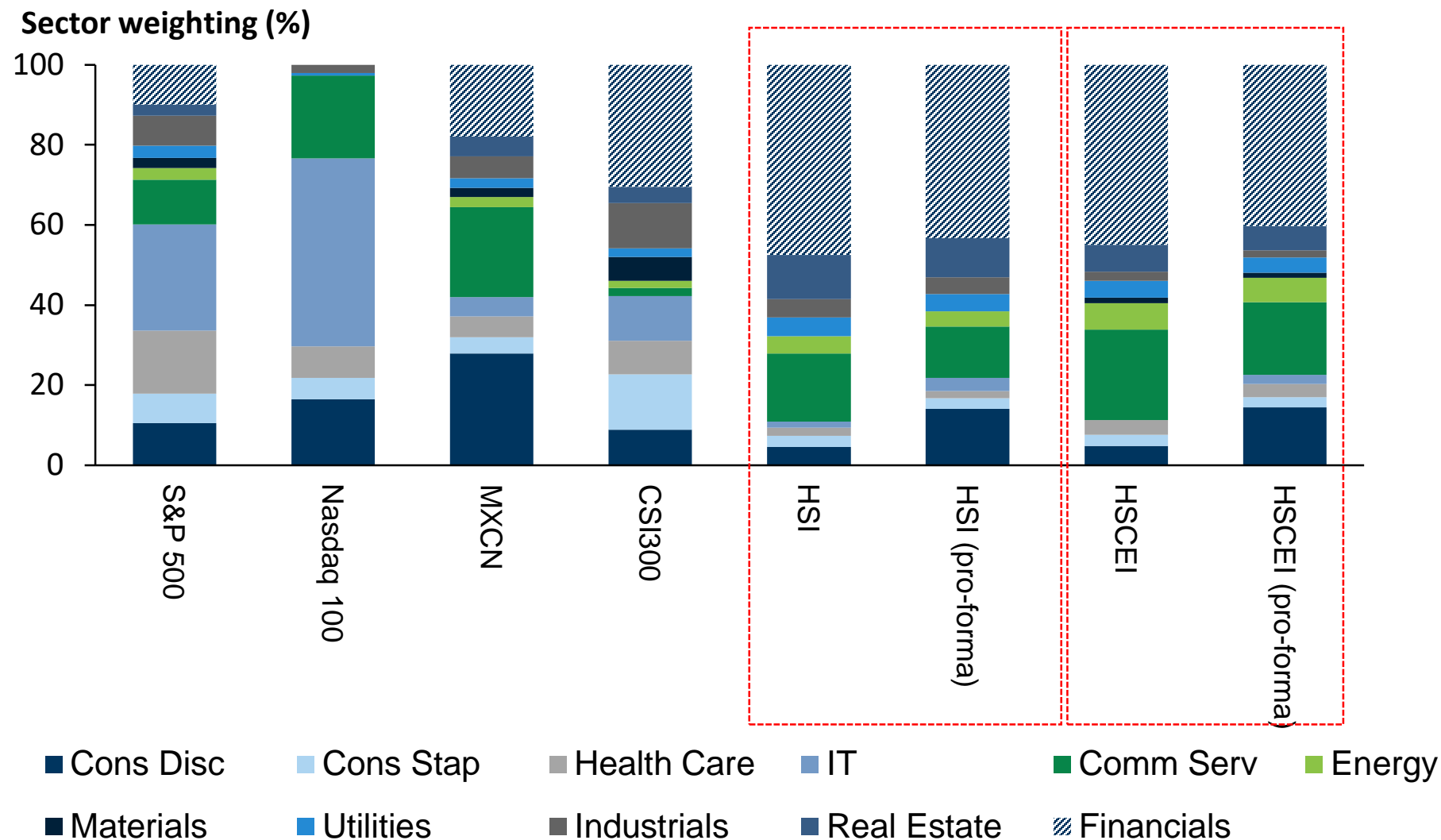
The overlap between HSI and HSCEI would increase after the index revamp



- Assuming the number of index constituents remains unchanged, and stocks with the smallest index cap currently to be the removed as new constituents are added so that the number of index constituents is kept at 50

Source: HSI, FactSet, Bloomberg, Goldman Sachs Global Investment Research, LGT, May 2020

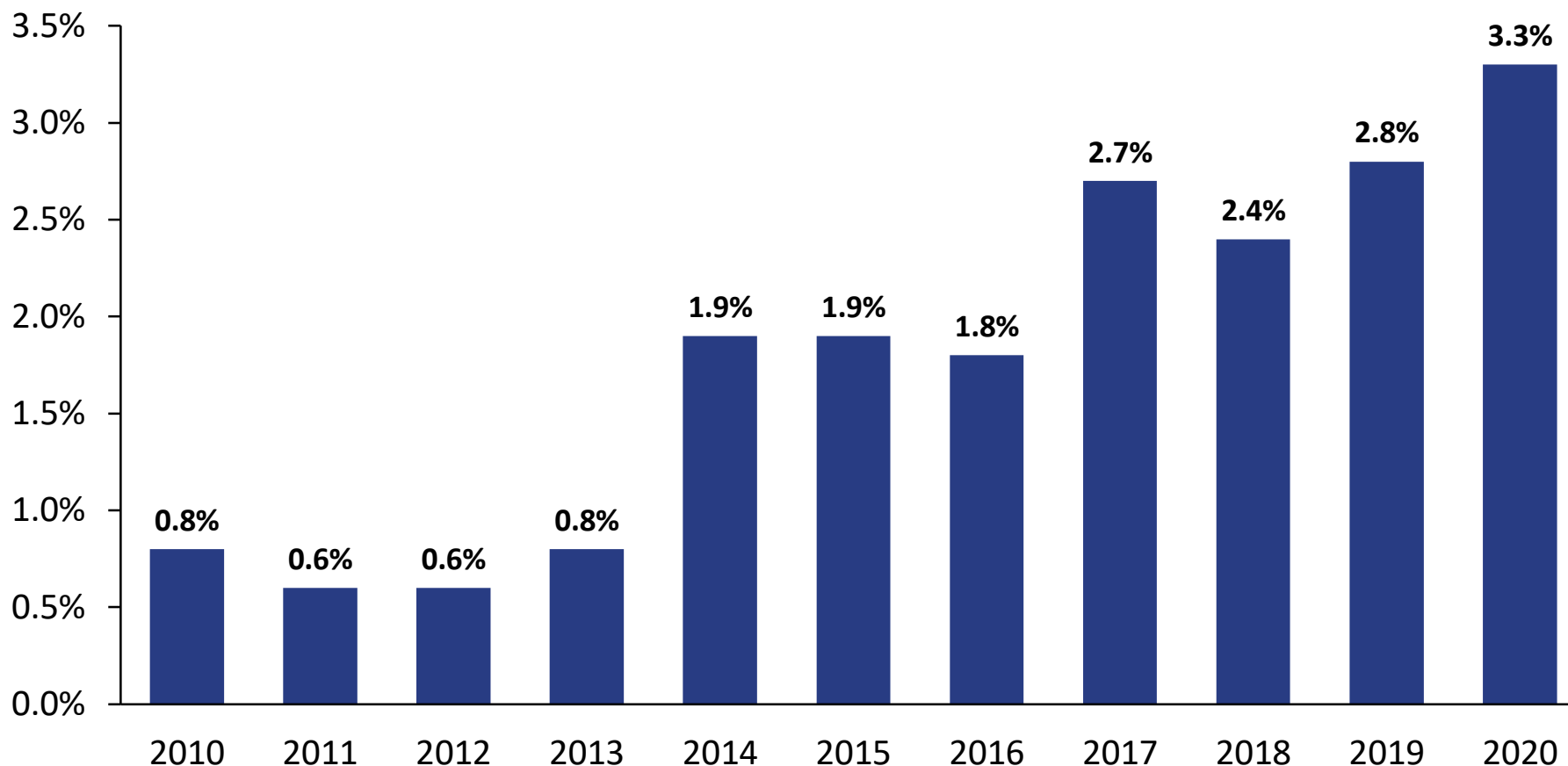
Assuming all WVR companies were included, the HSI and HSCEI would have higher exposure to Consumer and IT



Source: FactSet, Bloomberg, Goldman Sachs Global Investment Research, LGT, May 2020

Chinese ADRs currently represent 3.3% of total US market cap

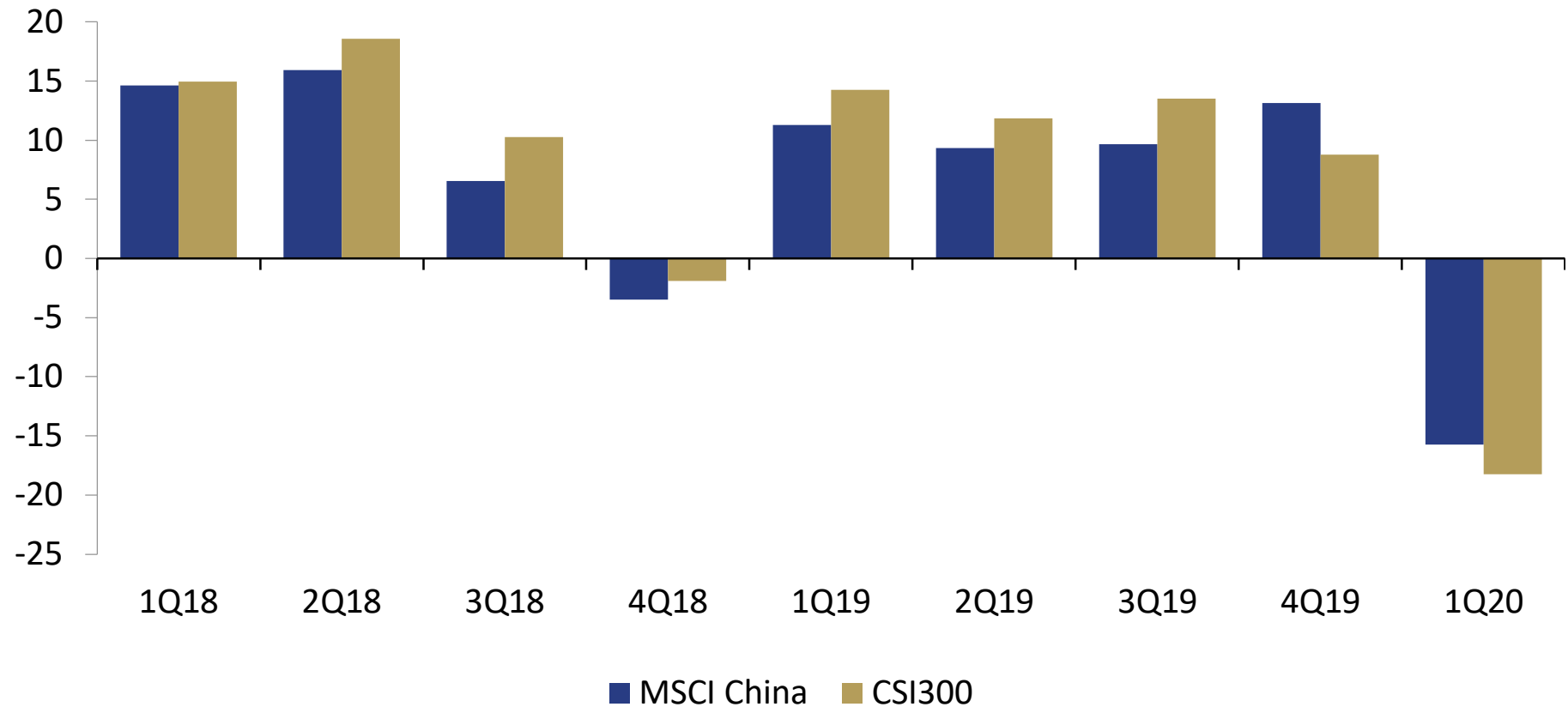
ADRs as % of US market



Source: Wind, FactSet, Goldman Sachs Global Investment Research, LGT, May 2020

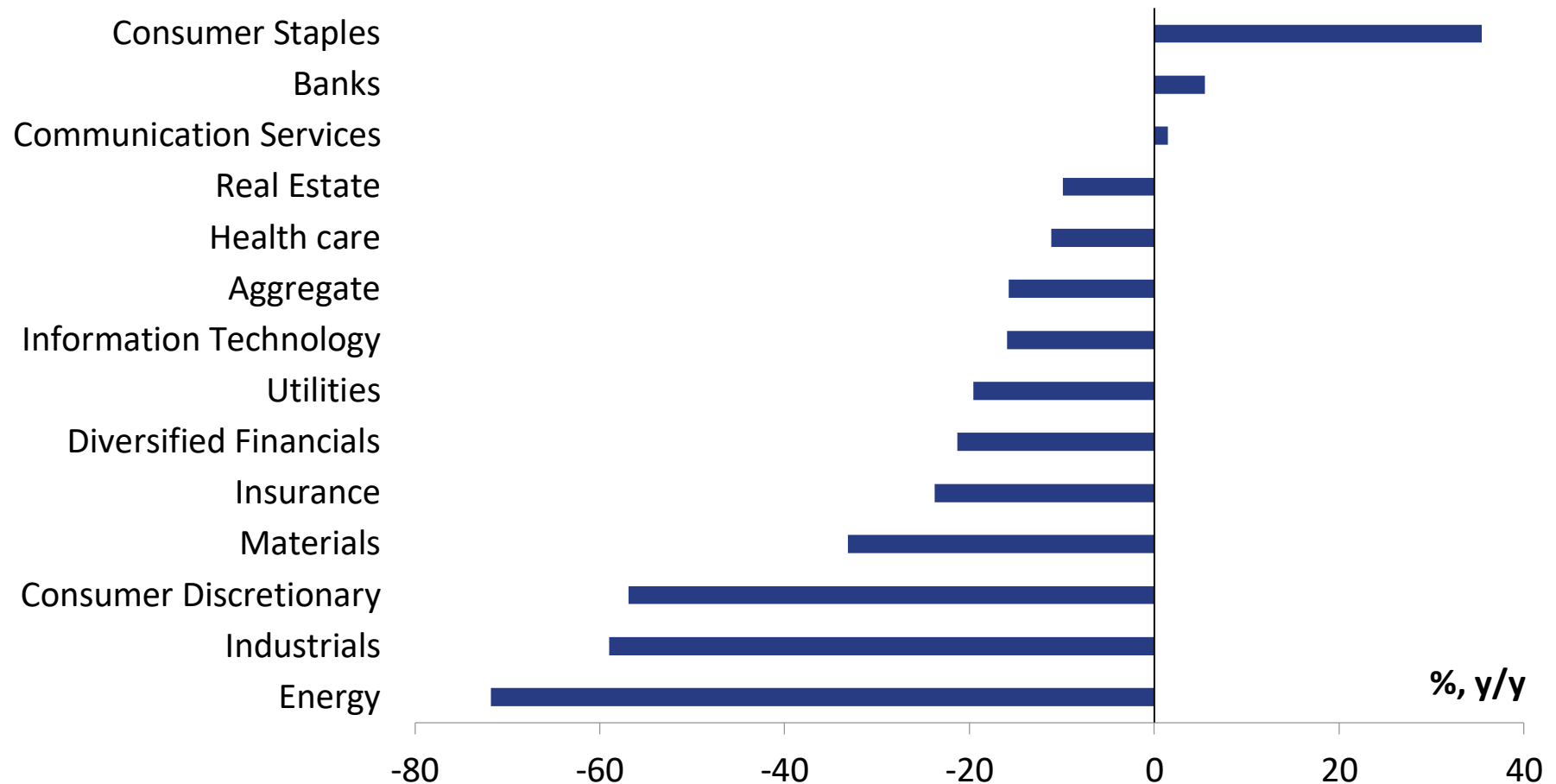
MSCI China and CSI300 quarterly earnings growth

%, y/y



Source: MSCI, Bloomberg, Wind, JP Morgan, LGT, May 2020

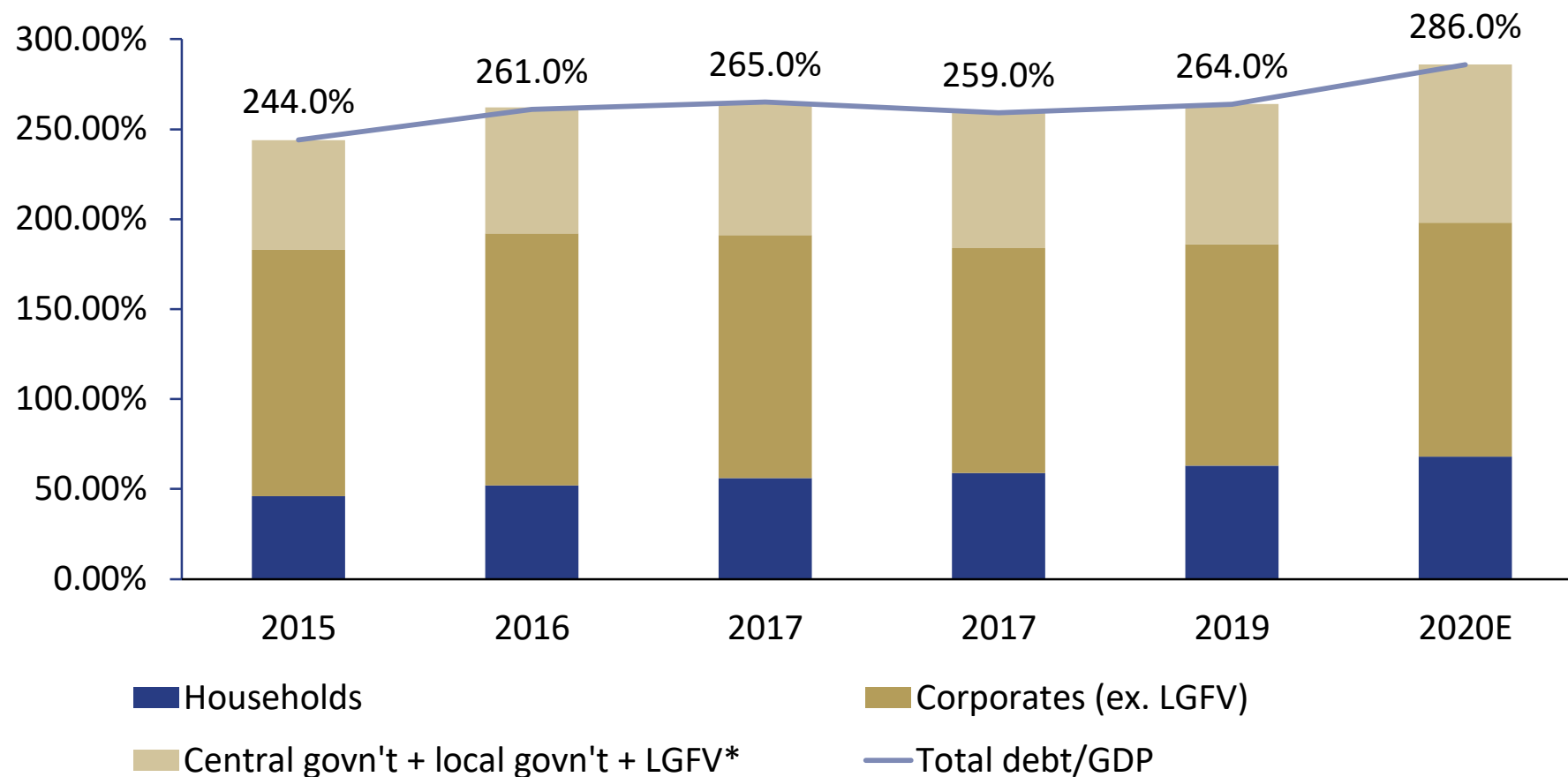
MSCI China 1Q20 earnings growth by sectors



Source: MSCI, Bloomberg, JP Morgan, LGT, May 2020

Non-financial debt/GDP ratio is expected to rise after years of steady credit growth

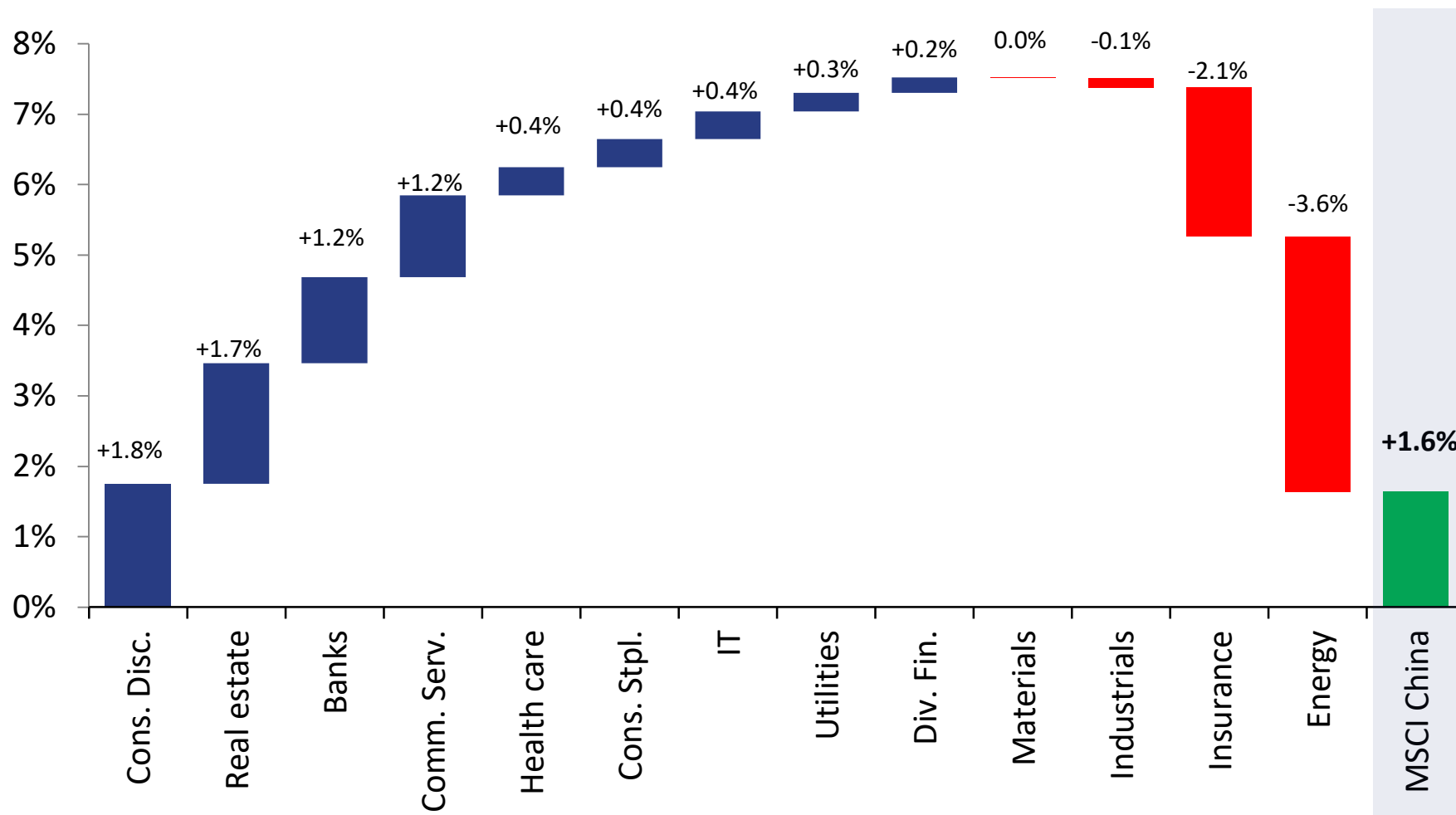
Estimated total debt to GDP break down by borrower



*LGFV: Local Government Financing Vehicle

Source: PBoC, Wind, Bloomberg, China Trustee Association, Asset Management Association of China, BIS, CBIRC, Chinabond, China Central Depository & Clearing, China Securities Finance Corporation, Company data, Goldman Sachs, LGT, May 2020

MSCI China CY20E earnings growth contribution by sector



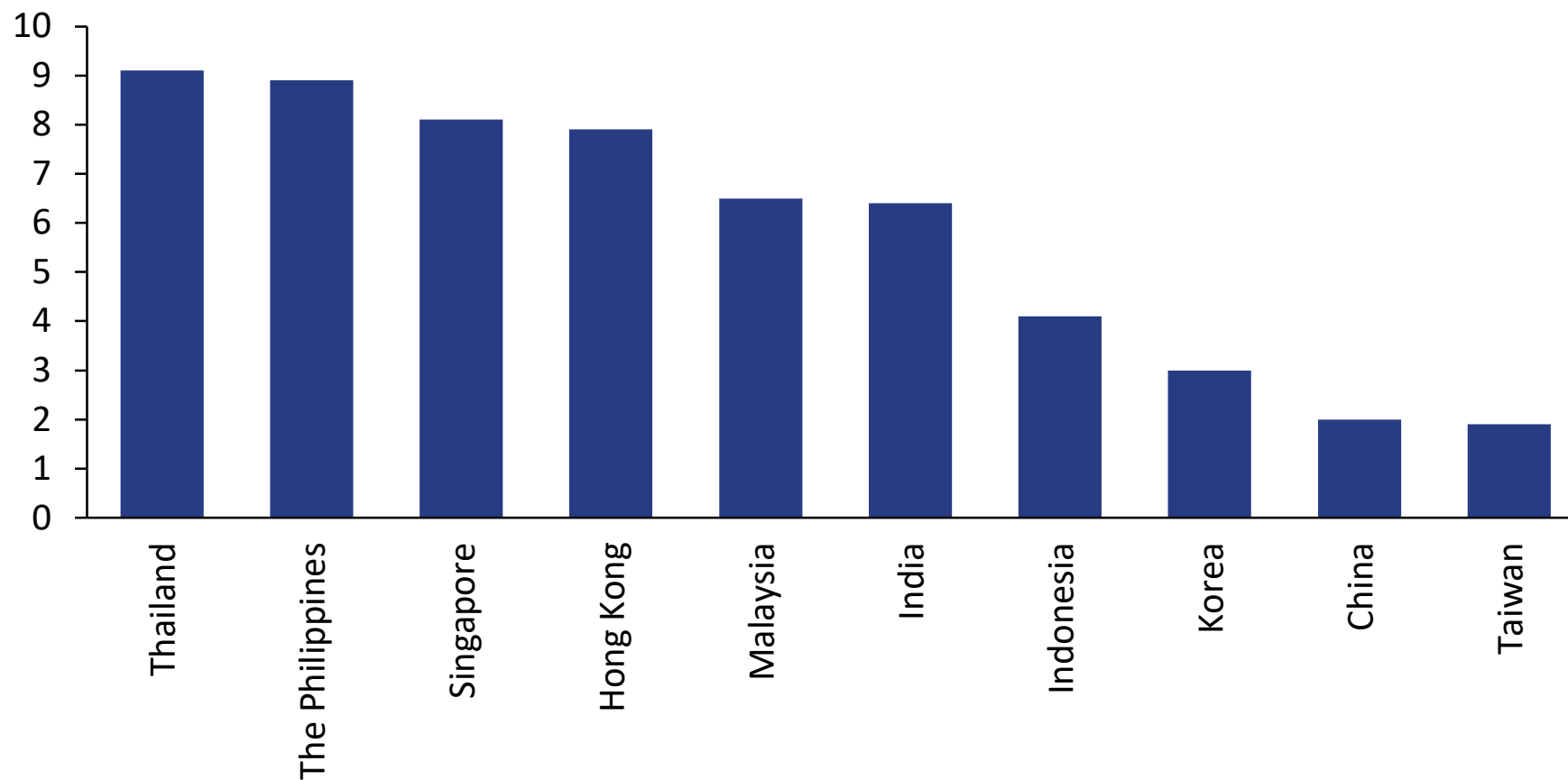
Source: MSCI, Bloomberg, JP Morgan, LGT, May 2020

Covid-19

- China so far has been effectively flattening the contagion curve and high frequency data in general suggested a nascent sign of improvement in economic activity. Although we cannot rule out the chance of a second wave hit, **we expect China to continue to improve in Q2, while weakening external demand from other countries may weigh on Chinese exports and even domestic demand.**

EM Asia's expected cumulative GDP losses in 1Q20-4Q21

% loss

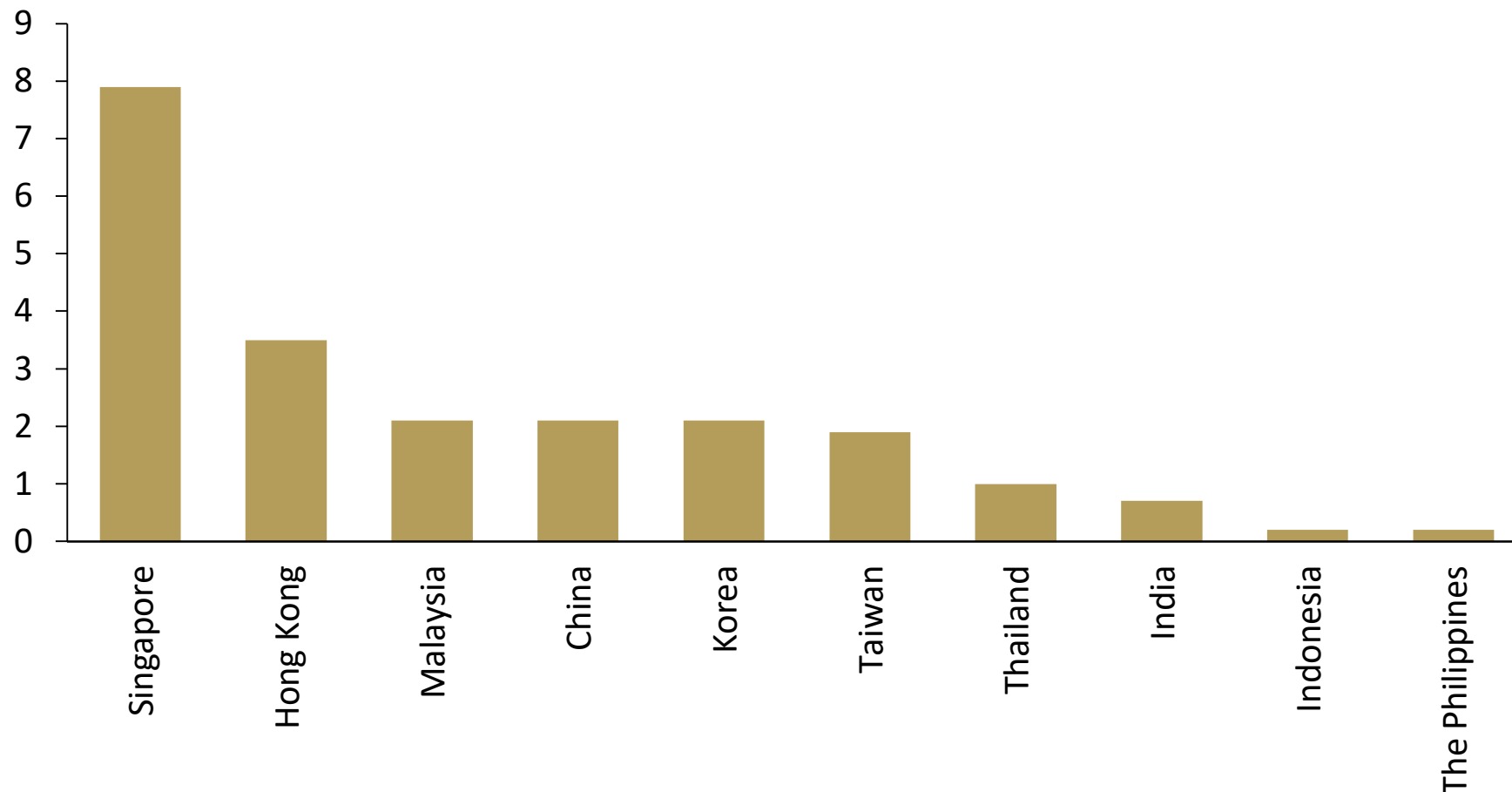


Source: JP Morgan, LGT, May 2020

Forecasts as of May 14

EM Asia estimated 2020 fiscal thrust

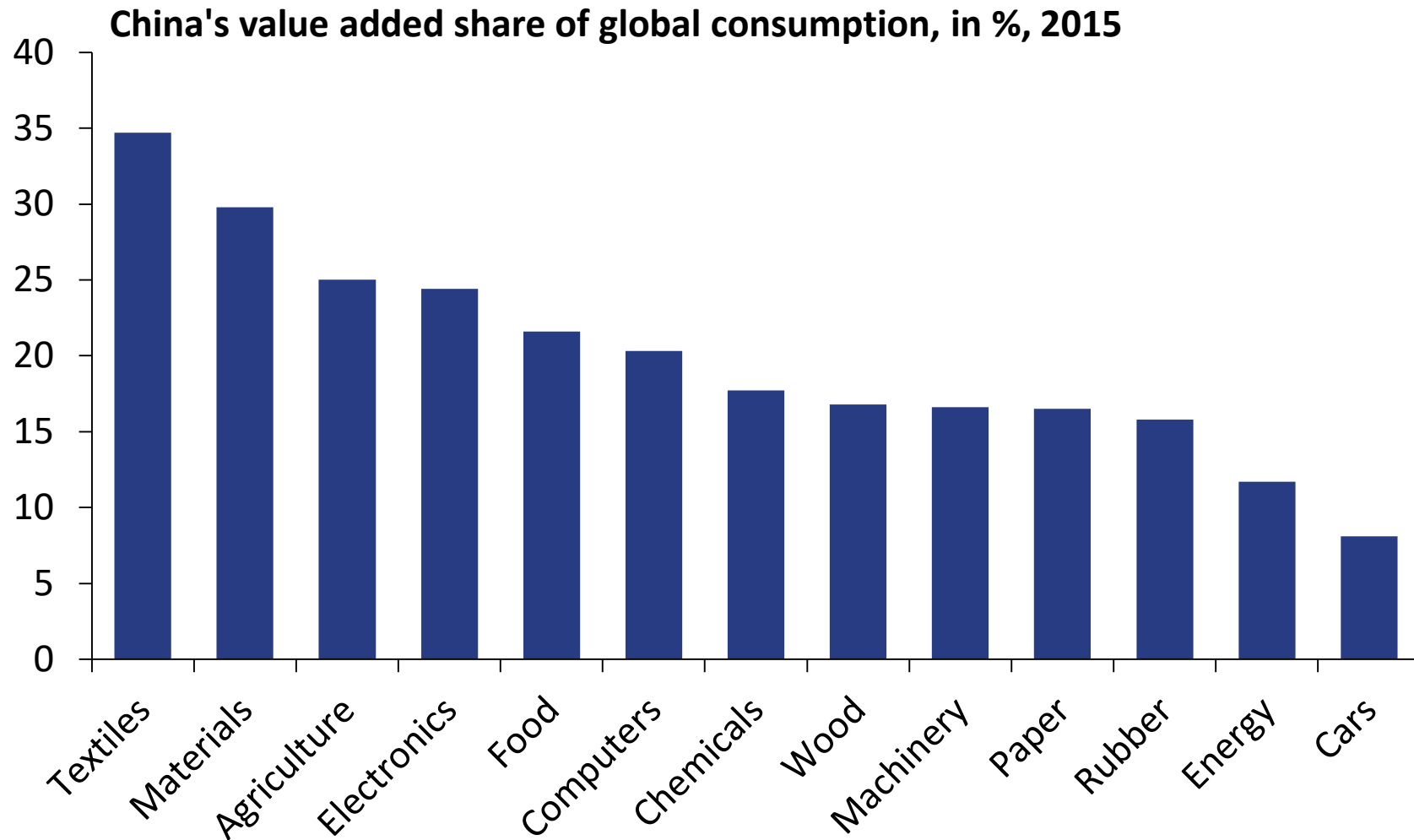
% of GDP



Source: JP Morgan, LGT, May 2020

Forecasts as of May 14

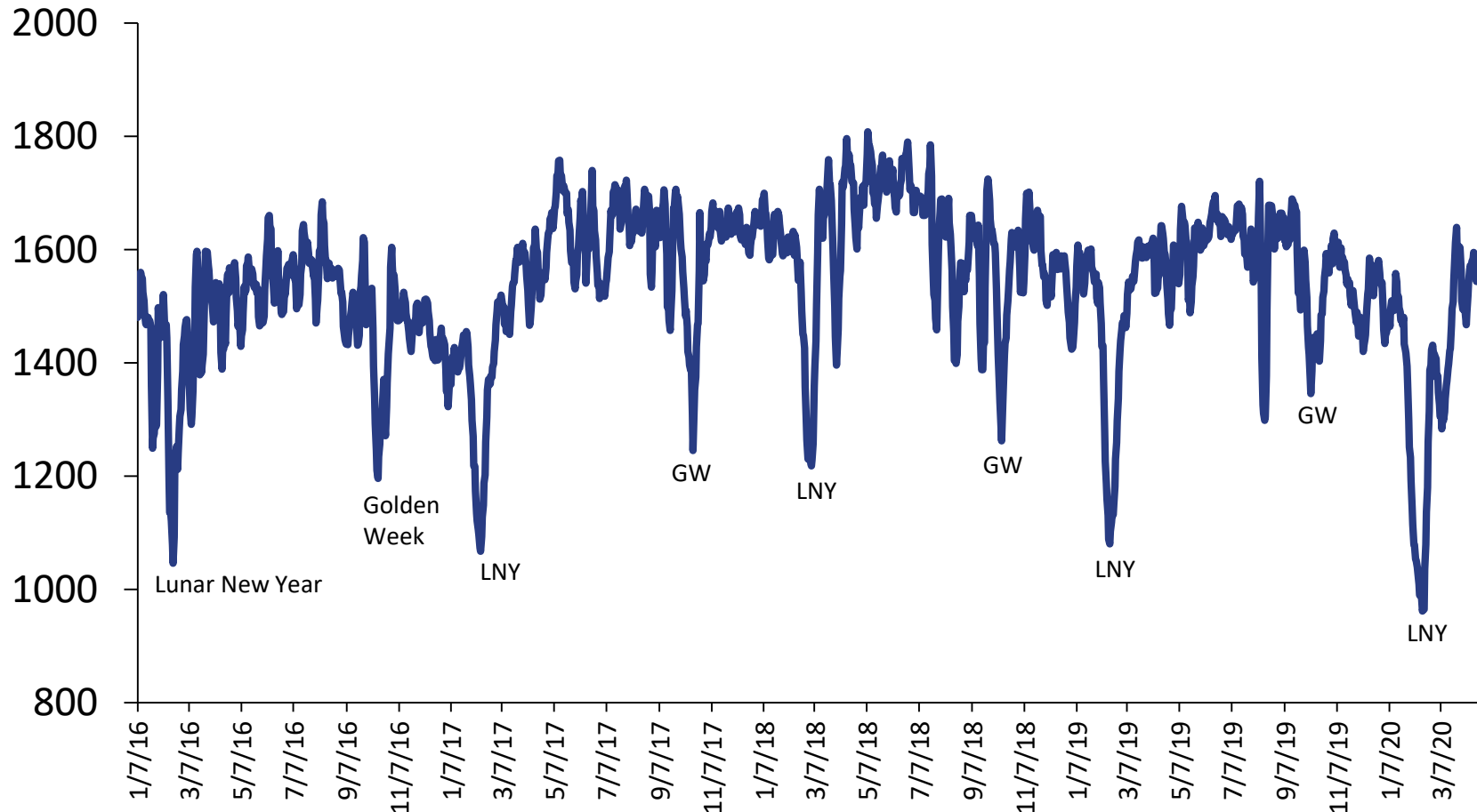
China is at the centre of global supply chains



Source: Citigroup, LGT, March 2020

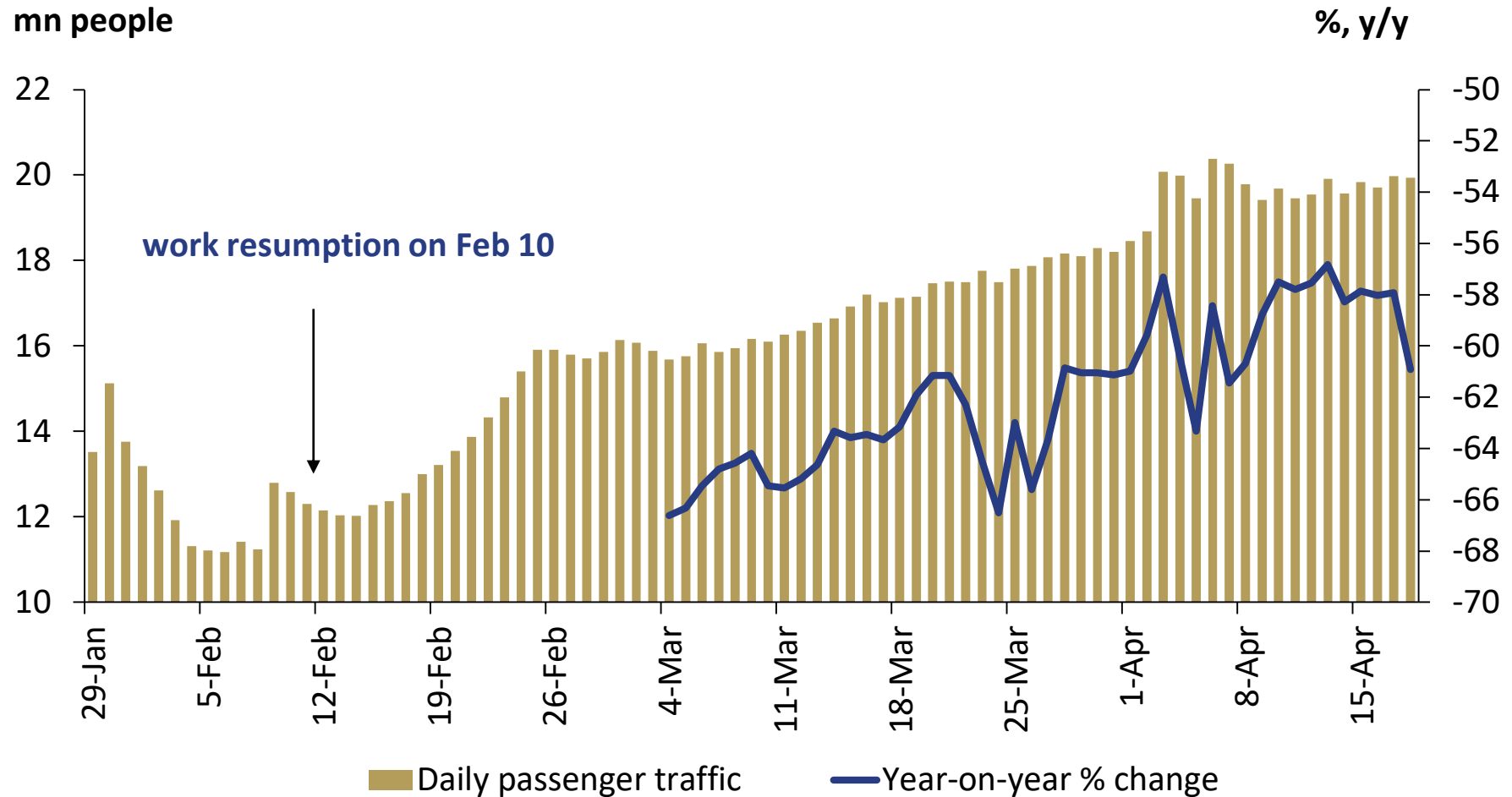
China: container ship activity has fully recovered

**China: 7 day moving average of
container ship movements**



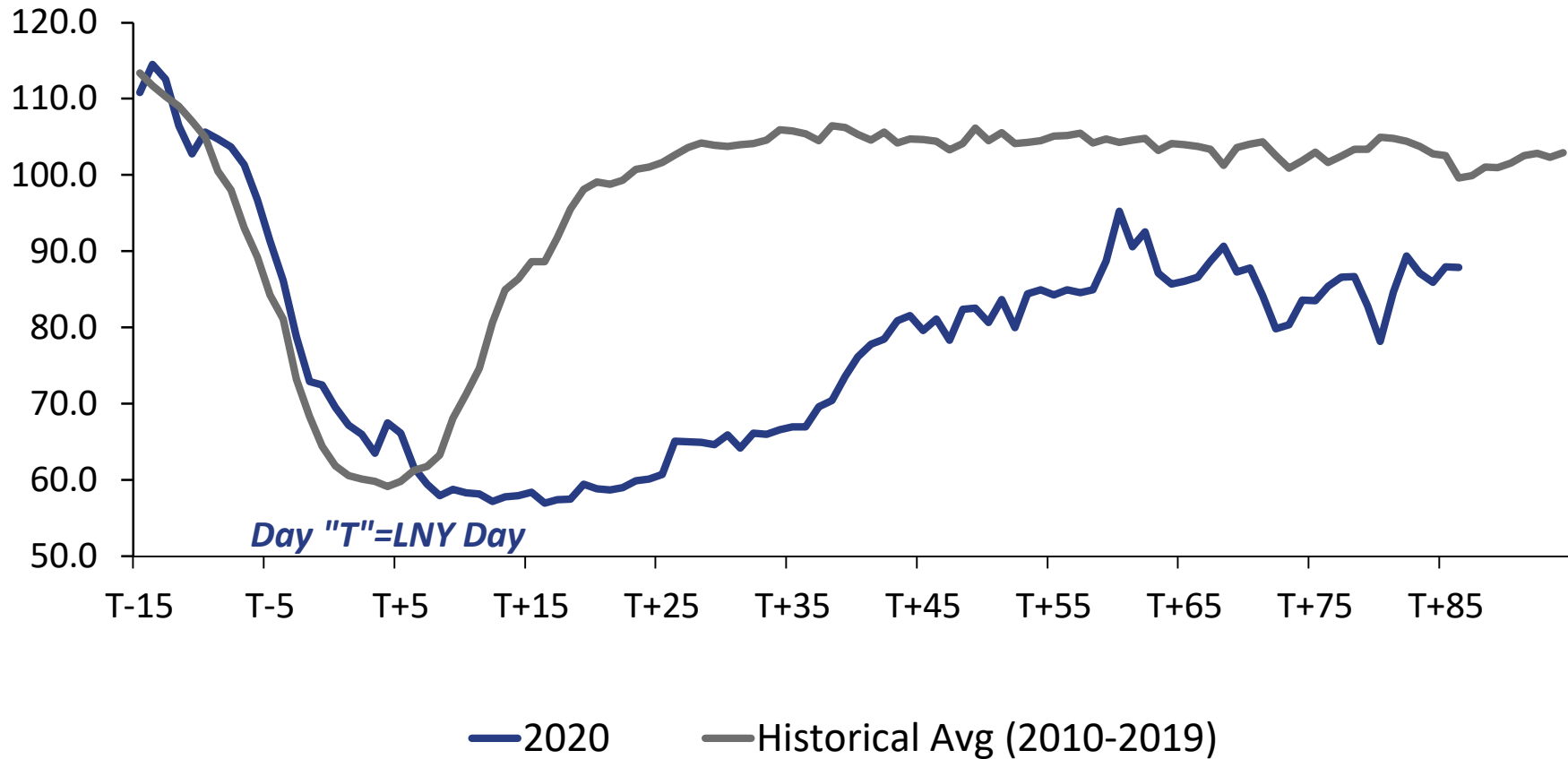
Source: Deutsche Bank, LGT, as of April 27 2020

Daily passenger traffic remains subdued but improving



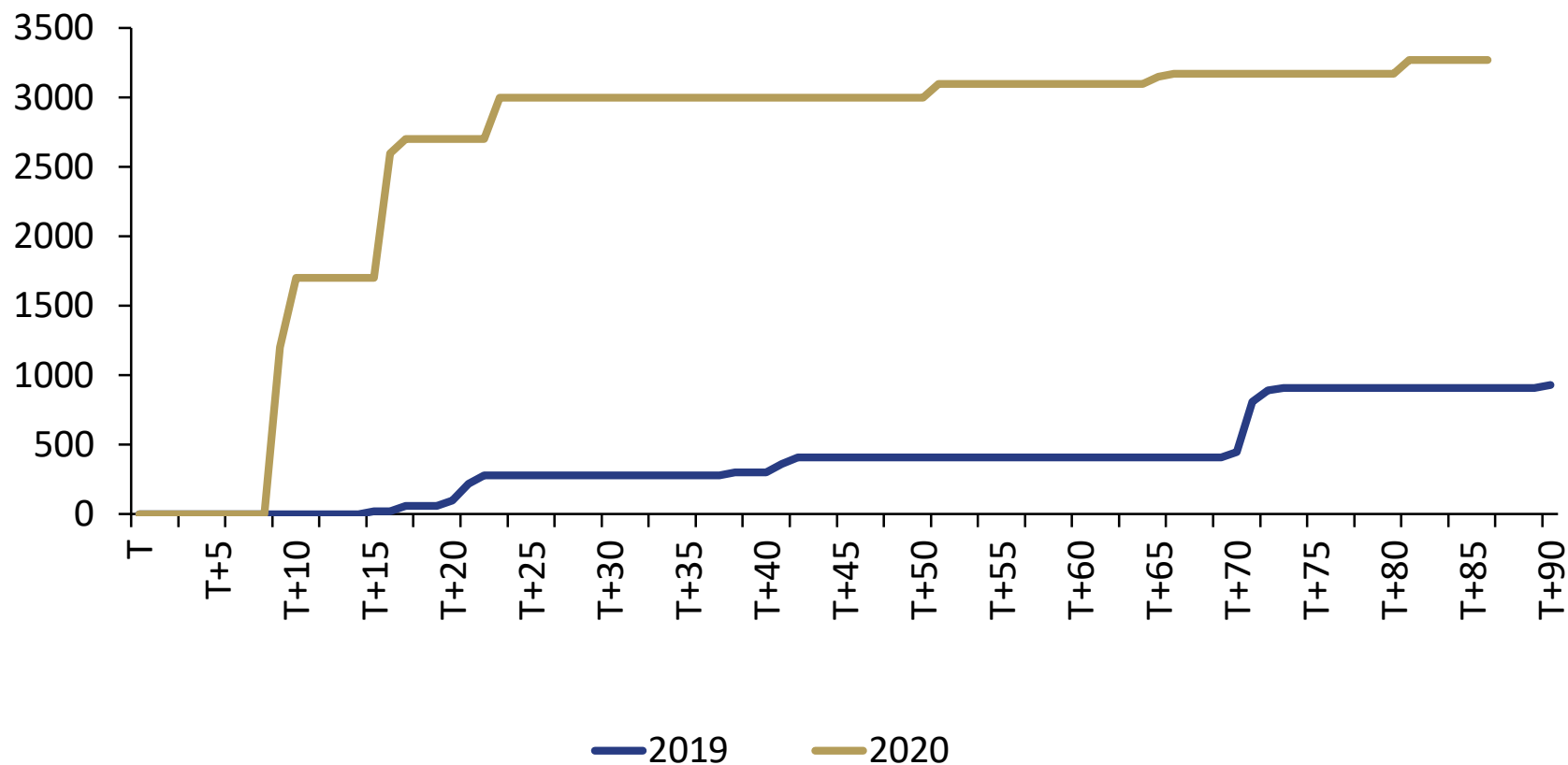
Daily coal consumption has increased but remains below the 10-year average

Index, previous year=100



Significant cumulative gross liquidity injection since LNY

RMB bn



Investment Ideas & Market Data



HK/China Domestic Defensives & High Dividend Names in the PBA universe

Stock Name	Currency	BBG Ticker	Last Price	Net Debt /Equity %	Market Cap (US\$mm)	Current Price to Book	Current PE	Next Fiscal Year PE	Current Year Dividend %	Est Next Year Dividend %	3 Year Dividend Growth	Country of Risk	Sector	LTV as of 29-May-20	Risk Rating
CKH HOLDINGS	HKD	1 HK Equity	48.70	50.6	24,228	0.4	5.4	4.9	6.5	6.5	5.8	GB	Industrials	70.00	Balanced
CK Hutchison Holdings Limited holds all of the non-property businesses of the Cheung Kong Group and the Hutchison Group, including ports and related services, telecommunications, retail, infrastructure, energy, and movable assets leasing operations.															
HKT-SS	HKD	6823 HK Equity	11.32	105.9	11,064	2.3	16.0	15.4	6.2	6.3	4.4	HK	Communication Services	50.00	Balanced
HKT Trust and HKT Ltd trade together as a stapled security. HKT Ltd provides telecommunications services. The Company's business provides telecommunications products and services including local telephony services, local data and broadband services, international telecommunications services, and other services.															
ICBC-H	HKD	1398 HK Equity	5.10	-71.8	252,289	0.7	5.3	5.1	5.6	5.8	1.4	CN	Financials	70.00	Growth driven
Industrial and Commercial Bank of China Limited provides banking services. The Company offers deposits, loans, fund underwriting, foreign currency settlement, and other services. Industrial and Commercial Bank of China provides its services to individuals, enterprises, and other clients.															
CCB-H	HKD	939 HK Equity	6.29	-8.7	203,707	0.7	5.3	5.1	5.5	5.8	2.4	CN	Financials	70.00	Growth driven
China Construction Bank Corporation provides banking services. The Company offers deposits, loans, fund management, foreign exchange, and other services. China Construction Bank provides its services to individuals, enterprises, and other clients.															
HENDERSON LAND D	HKD	12 HK Equity	28.95	25.0	18,082	0.4	8.9	9.7	6.2	6.3	17.1	HK	Real Estate	70.00	Balanced
Henderson Land Development Company Limited, through its subsidiaries, develops, invests in, and manages properties. The Company also provides project management, construction, and finance services. In addition, Henderson Land Development operates department stores, hotels, and infrastructure business.															
HKBN LTD	HKD	1310 HK Equity	13.54	120.5	2,291	2.5	44.5	26.4	5.4	5.6	20.2	HK	Communication Services	30.00	Balanced
HKBN Ltd., provides telephone voice and data communications services. The Company offers wireless internet service, IDD and IPTV service, local telephony services, and other value-added services.															
CHINA OVERSEAS	HKD	688 HK Equity	24.70	32.8	34,913	0.9	5.9	5.3	4.1	4.7	7.7	CN	Real Estate	60.00	Growth driven
China Overseas Land & Investment Limited provides real estate services. The Company develops, manages, and invests in commercial properties. China Overseas Land & Investment serves customers globally.															
CHINA MOBILE	HKD	941 HK Equity	55.50	-31.3	146,606	0.9	9.7	9.4	5.9	5.9	6.0	CN	Communication Services	70.00	Growth driven
China Mobile Limited provides telecommunication services. The Company offers wireline voice, broadband, roaming, and other related services. China Mobile serves customers in Hong Kong.															
LINK REIT	HKD	823 HK Equity	61.30	16.7	16,275	0.8	21.1	19.9	4.7	4.8	8.8	HK	Real Estate	70.00	Balanced
Link Real Estate Investment Trust operates as a real estate investment trust. The Company manages a diversified portfolio which includes shopping centers, parking space facilities, and real estate retail space. Link Real Estate Investment Trust serves customers worldwide.															
CHINA TELECOM-H	HKD	728 HK Equity	2.43	27.2	25,372	0.5	8.9	8.3	5.1	5.0	6.0	CN	Communication Services	70.00	Growth driven
China Telecom Corporation Limited offers wireline telecom services. The Company provides internet access, mobile communications connecting, and other services. China Telecom also offers information consulting services.															

Source: LGT, Bloomberg, as of 2 June 2020

LTVs are for indication only and subject to change. Please check with your Relationship Manager for updated LTVs.

HK/China – Selected names from the PBA universe

Stock Name	Currency	BBG Ticker	Last Price	Net Debt /Equity %	Market Cap (US\$mm)	Current Price to Book	Current PE	Next Fiscal Year PE	Current Year Dividend %	Est Next Year Dividend %	3 Year Dividend Growth	Country of Risk	Sector	LTV as of 29-May-20	Risk Rating
TENCENT	HKD	700 HK Equity	429.00	9.2	528,727	8.2	31.9	25.8	0.3	0.3	25.3	CN	Communication Services	70.00	Growth driven
Tencent Holdings Limited operates as an investment holding company. The Company, through its subsidiaries, provides Internet and mobile value-added services (VAS), online advertising, and e-commerce transactions. Tencent Holdings offers services to users worldwide.															
ALIBABA GROUP HO	HKD	9988 HK Equity	202.80	-43.2	561,512	N.A.	25.0	19.4	N.A.	0.0	N.A.	CN	Consumer Discretionary	70.00	Growth driven
Alibaba Group Holding Limited operates as a holding company. The Company provides internet infrastructure, electronic commerce, online financial, and internet content services through its subsidiaries. Alibaba Group Holding offers its products and services worldwide.															
AIA	HKD	1299 HK Equity	66.10	7.2	103,101	1.8	18.9	14.3	1.9	2.0	11.3	HK	Financials	70.00	Balanced
AIA Group Limited offers insurance and financial services. The Company writes life insurance for individuals, businesses, accident, and health insurance, as well as retirement planning and wealth management services.															
PING AN	HKD	2318 HK Equity	77.40	181.4	184,036	1.9	11.2	7.8	2.9	4.3	52.1	CN	Financials	70.00	Growth driven
Ping An Insurance (Group) Company of China Limited provides products and services through its five ecosystems in financial services, healthcare, auto services, real estate services and Smart City solutions. The Group's insurance business writes property, casualty, and life insurance products.															
CSPC PHARMACEUTI	HKD	1093 HK Equity	15.66	-27.9	12,599	4.9	20.2	16.8	1.3	1.4	14.5	CN	Health Care	70.00	Growth driven
CSPC Pharmaceutical Group Limited, through its subsidiaries, manufactures and sells pharmaceutical products. The Company's products include vitamin C, antibiotics and common generic drugs. The Company is also engages in the development of innovative drugs and antibiotics.															
SANDS CHINA LTD	HKD	1928 HK Equity	30.60	70.6	31,933	7.2	119.6	16.2	3.2	4.8	-20.8	MO	Consumer Discretionary	60.00	Growth driven
Sands China Ltd. develops, owns, and operates integrated resorts, retail malls, and casinos. The Company also manages convention and exhibition halls in Macau.															
MEITUAN DIANPI-B	HKD	3690 HK Equity	150.00	-62.2	112,757	8.7	249.0	51.6	N.A.	0.0	N.A.	CN	Consumer Discretionary	30.00	Growth driven
Meituan Dianping operates as a web based shopping platform for locally found consumer products and retail services. The Company offers deals of the day by selling vouchers on local services and entertainment, dining, delivery, and other services. Meituan Dianping provides its services throughout China.															
NETEASE INC-ADR	USD	NTES US Equity	397.59	-75.0	51,231	5.8	23.2	20.3	1.2	0.9	41.5	CN	Communication Services	50.00	Growth driven
NetEase, Inc. operates as an leading internet technology company providing online services including content, community, communication, and commerce. The Company develops and operates online games, electronic commerce, internet media, innovative business, and other businesses. NetEase expands its businesses to Japan, North American, and other other international markets.															
HKEX	HKD	388 HK Equity	282.80	-246.6	46,256	8.4	35.2	31.4	2.4	2.6	16.4	HK	Financials	70.00	Balanced
Hong Kong Exchanges & Clearing Limited owns and operates the stock exchange, futures exchange, and their related clearing houses in Hong Kong. The Company provides the trading platforms for a range of cash and derivatives products and the facilities for processing trades.															
CHINA LIFE-H	HKD	2628 HK Equity	14.92	30.1	90,779	1.0	8.9	7.8	5.3	4.0	-28.5	CN	Financials	70.00	Growth driven
China Life Insurance Company Ltd. offers a wide range of life, accident, and health insurance products and services.															

Source: LGT, Bloomberg, as of 2 June 2020

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Global Market Performance (as of 29 May 2020)

Asset class	Index	Last Price	Total Return in USD (%)											Curr Yr Next Yr			Curr Yr Div Yld			Bloomberg Ticker
			MTD	QTD	YTD	2019	2018	2017	2016	2015	2014	2013	2012	P/E Est.	P/E Est.	P/E Est.	P/B Est.	P/B Est.	(%)	
Global																				
Global	MSCI AC WORLD	509.47	4.41	15.66	-8.93	27.33	-8.92	24.65	8.53	-1.80	4.75	23.49	16.82	20.03	21.15	16.58	2.19	2.15	2.38	MXWD Index
Developed Markets	MSCI WORLD	2147.88	4.89	16.43	-7.94	28.44	-8.19	23.10	8.19	-0.28	5.58	27.43	16.56	20.89	22.30	17.49	2.41	2.33	2.32	MXWO Index
Emerging Markets	MSCI EM	930.35	0.79	10.04	-15.89	18.82	-14.28	37.79	11.75	-14.61	-1.97	-2.26	18.62	15.36	15.25	11.95	1.30	1.37	2.83	MXEF Index
Latin America	MSCI EM LATIN AMERICA	1774.53	6.50	13.24	-38.38	17.83	-6.21	24.16	31.41	-30.87	-12.09	-13.19	8.83	19.13	18.87	11.59	1.69	1.24	3.85	MXLA Index
EMEA	MSCI EM EUR, ME & AFRICA	200.31	3.83	15.19	-23.84	16.21	-15.52	25.23	20.56	-19.66	-14.75	-4.65	22.51	10.14	12.84	9.93	1.26	0.87	4.89	MXEE Index
Asia ex-Japan	MSCI AC ASIA x JAPAN	601.46	-1.15	7.72	-12.05	18.47	-14.18	42.12	5.92	-8.90	4.96	3.39	22.73	15.85	15.43	12.46	1.24	1.44	2.55	MXASJ Index
North America																				
US	S&P 500	3044.31	4.76	18.19	-4.98	31.48	-4.39	21.82	11.95	1.37	13.68	32.37	15.99	21.26	24.39	18.93	3.46	3.34	1.98	SPX Index
US	DOW JONES INDUS. AVG	25383.11	4.66	16.40	-10.06	25.34	-3.48	28.11	16.43	0.21	10.04	29.65	10.24	18.89	23.30	17.49	3.66	3.66	2.56	INDU Index
US	NASDAQ COMPOSITE	9489.87	6.90	23.45	6.28	36.74	-2.81	29.73	8.97	7.11	14.83	40.17	17.75	37.87	35.05	25.64	5.09	4.98	0.99	CCMP Index
US (Small cap)	RUSSELL 2000	1394.04	6.51	21.14	-15.96	25.49	-11.03	14.63	21.28	-4.41	4.90	38.82	16.39	55.90	75.10	29.40	1.93	1.82	1.64	RTY Index
Europe																				
Eurozone	MSCI EMU	109.09	6.45	13.10	-17.13	24.17	-16.15	29.22		-0.42	-7.35	30.31	22.79	16.76	20.18	14.62	1.41	1.38	2.77	MXEM Index
UK	FTSE 100	6076.60	1.18	7.08	-23.98	21.98	-14.03	22.65	-0.17	-6.71	-5.27	21.02	15.22	21.63	18.53	13.40	1.46	1.46	4.60	UKX Index
Japan																				
Japan	NIKKEI 225	21877.89	7.47	15.63	-5.66	22.41	-8.54	25.71	5.87	9.94	-4.16	30.55	12.37	25.96	20.16	16.46	1.73	1.59	1.97	NKY Index
Japan	TOPIX	1563.67	5.94	11.43	-7.08	19.77	-14.34	26.63	3.73	11.00	-3.00	26.48	8.10	19.01	16.48	13.32	1.16	1.11	2.48	TPX Index
Asia Pacific (ex-Japan)																				
Australia	S&P/ASX 200	5755.69	6.27	23.60	-17.10	24.65	-11.16	22.76	12.28	-6.97	-2.00	4.87	23.73	18.96	20.56	18.63	1.84	1.81	4.21	AS51 Index
China (H shares)	HANG SENG CHINA ENT	9561.03	-4.18	0.29	-13.42	15.13	-10.22	28.66	1.39	-16.87	15.49	-1.44	19.98	8.07	8.67	7.63	1.02	0.97	3.89	HSCEI Index
China (A shares)	SHANGHAI SE A SHARE	2989.86	-1.08	3.16	-8.53	23.84	-26.93	16.02	-16.30	6.24	54.24	-1.03	6.88	14.82	11.95	10.39	1.38	1.26	2.31	SHASHR Index
Hong Kong	HANG SENG INDEX	22961.47	-6.33	-2.16	-17.53	13.64	-10.78	40.22	4.23	-3.87	5.31	6.52	27.70	10.37	11.27	9.54	0.99	0.96	3.88	HSI Index
India	S&P BSE SENSEX	32424.10	-4.20	9.84	-25.63	13.17	-1.76	37.93	0.81	-8.06	29.14	-1.93	24.05	21.51	18.33	14.37	2.54	2.30	1.50	SENSEX Index
Indonesia	JAKARTA COMPOSITE INDEX	4753.61	3.50	16.35	-27.66	8.71	-6.69	22.04	20.34	-19.87	22.95	-20.33	9.56	15.48	14.73	12.36	1.61	1.66	3.21	JCI Index
Korea	KOSPI	2029.60	2.14	13.93	-13.42	5.99	-18.73	39.61	2.66	-3.09	-7.12	3.15	19.96	23.94	14.64	10.32	0.82	0.86	2.22	KOSPI Index
Malaysia	FTSE BURSA MALAYSIA KLCI	1473.25	3.54	9.02	-11.27	-1.80	-4.70	25.05	-4.01	-19.44	-8.74	6.17	18.52	18.17	19.38	16.50	1.48	1.41	4.25	KLCI Index
Philippines	PSEI - PHILIPPINE SE IDX	5838.84	2.43	10.58	-24.05	10.00	-15.69	26.01	-5.09	-6.63	24.49	-4.11	45.74	14.26	16.35	13.14	1.51	1.42	2.06	PCOMP Index
Singapore	STRAITS TIMES INDEX	2510.75	-3.56	3.05	-24.66	10.88	-8.28	32.07	1.65	-17.13	4.40	-0.40	30.80	10.25	13.80	12.00	0.88	0.86	4.77	FSSTI Index
Taiwan	TAIWAN TAIEX	10942.16	-1.38	13.64	-8.85	31.50	-7.66	30.37	17.37	-10.57	4.90	12.13	17.57	18.90	17.16	14.96	1.71	1.78	4.12	TWSE Index
Thailand	STOCK EXCH OF THAI	1342.85	5.54	24.30	-18.05	13.26	-8.01	29.12	24.64	-19.08	19.06	-10.44	44.92	18.75	20.24	16.19	1.51	1.52	3.64	SET Index
Fixed Income																				
Global Bonds	BAML GLOBAL FIXED INCOME	290.67	0.65	2.53	2.21	7.04	-1.21	7.10	2.64	-2.78	1.17	-2.07	4.88	-	-	-	-	-	-	GFIM Index
US Treasury Bonds	BAML US TREASURY	1873.96	-0.32	0.08	8.89	6.99	0.81	2.43	1.13	0.83	6.02	-3.35	2.17	-	-	-	-	-	-	GOQ0 Index
Investment Grade	BAML US CORPORATE	3338.72	1.74	7.10	2.76	14.23	-2.24	6.47	5.96	-0.63	7.51	-1.46	10.37	-	-	-	-	-	-	COA0 Index
High Yield	BAML US HIGH YIELD	1330.75	4.56	8.53	-5.71	14.41	-2.25	7.47	17.49	-4.64	2.50	7.42	15.59	-	-	-	-	-	-	HOA0 Index
Emerging Markets	JPMORGAN EMBI PLUS	872.71	6.28	7.21	-2.09	12.60	-5.33	8.29	9.62	1.82	6.15	-8.31	18.04	-	-	-	-	-	-	JPEIPLUS Index
Commodities																				
Commodities	BBG COMMODITY	63.54	4.33	2.71	-21.45	5.44	-12.99	0.75	11.40	-24.70	-17.04	-9.58	-1.14	-	-	-	-	-	-	BCOM Index
Agriculture	BBG AGRICULTURE	34.75	-0.91	-6.54	-16.01	-0.41	-12.54	-11.89	1.76	-15.65	-9.26	-14.33	3.89	-	-	-	-	-	-	BCOMAG Index
Crude Oil	WTI CRUDE OIL (USD/bbl)	35.49	88.38	73.29	-41.88	34.46	-24.84	12.47	45.03	-30.47	-45.87	7.19	-7.09	-	-	-	-	-	-	CL1 Comdty
Gold	GOLD (USD/oz)	1730.27	2.60	9.71	14.04	18.31	-1.56	13.53	8.14	-10.41	-1.44	-28.28	7.06	-	-	-	-	-	-	GOLDS Comdty

Source: Bloomberg. Data as of 2020-05-29

Source: Bloomberg, data as of 29 May 2020

Economic Forecasts (Consensus)

Real GDP (y/y %)					CPI (y/y %)				Current Account (% of GDP)				Policy Rate (%)			10 Year Yields			
	2019	2020F	2021F	2022F	2019	2020F	2021F	2022F	2019	2020F	2021F	2022F	2019	2020F	2021F	2019	2020F	2021F	
Global	3.6				2.0				0.9				2.47						
G10	1.7	(6.2)	4.1	2.4	1.5	0.6	1.3	1.7	0.0	0.2	0.0	0.1	0.14	0.12	0.19	0.97	0.36	0.66	
USA	2.3	(5.7)	3.9	3.0	1.8	0.8	1.7	2.0	(2.5)	(2.1)	(2.4)	(2.3)	1.75	0.25	0.40	1.92	0.88	1.28	
Japan	1.0	(4.9)	2.2	1.2	0.5	-	0.3	0.6	3.5	3.6	3.3	3.0	0.10	-	-	(0.01)	(0.05)	(0.03)	
Euro	1.2	(7.6)	5.0	1.8	1.2	0.4	1.1	1.5	2.8	3.0	2.9	2.9	-	-	-	(0.19)			
UK	1.3	(7.8)	5.5	2.7	1.8	0.9	1.5	1.8	(4.3)	(3.5)	(3.5)	(3.0)	0.75	0.10	0.10	0.82	0.43	0.75	
Canada	1.6	(7.1)	4.9	2.1	1.9	0.6	1.7	2.0	(2.0)	(3.1)	(2.9)	(2.2)	1.75	0.25	0.30	1.70	0.82	1.14	
Australia	1.8	(4.5)	4.0	3.4	1.6	0.8	1.6	2.3	0.7	(0.3)	(0.6)	0.2	0.75	0.25	0.30	1.37	0.88	1.13	
Sweden	1.2	(4.9)	4.2	2.4	1.8	0.6	1.4	1.5	4.2	3.1	3.7	3.1	-	(0.10)	(0.05)	0.15	(0.06)	0.09	
New Zealand	2.3	(5.1)	4.1	3.1	1.7	1.5	1.6	1.6	(3.3)	(3.5)	(3.7)	(3.0)	-	0.10	0.25	1.65	1.01	1.30	
Switzerland	0.8	(5.3)	3.9	2.4	0.4	(0.5)	0.3	0.7	9.7	8.8	9.2	9.7	(0.75)	(0.75)	(0.70)	(0.50)	(0.48)	(0.30)	
Denmark	2.0	(4.0)	2.9	2.0	0.8	0.4	1.0		7.8	7.0	7.1		0.05	(0.65)	(0.65)	(0.15)	(0.37)	0.17	
Norway	2.5	(5.3)	3.8	3.5	2.2	1.2	2.0	1.9	6.3	0.3	3.3	5.0	1.50	-	0.05	1.55	0.64	1.00	
Germany	0.6	(6.2)	4.9	2.0	1.4	0.8	1.4	1.6	7.3	6.1	6.0	5.7	-	-	-	(0.19)	(0.40)	(0.13)	
France	1.2	(9.0)	6.0	1.8	1.3	0.4	1.0	1.6	(0.8)	(0.7)	(0.6)	(0.7)	-	-	-	0.12	0.03	0.26	
Italy	0.2	(10.2)	5.5	1.4	0.7	(0.1)	0.8	1.1	2.7	3.4	3.1	3.0	-	-	-	1.41	1.32	1.33	
Asia	5.2	1.3	5.8	5.3	2.7	2.8	2.3	2.5	1.6	1.0	1.3	0.5	3.80	3.64	3.68	3.62	3.03	3.14	
China	6.1	1.7	8.0	5.5	2.9	3.1	2.1	2.3	1.2	0.5	0.8	0.4	4.35	4.20	4.15	3.13	2.46	2.46	
Hong Kong	(1.2)	(5.0)	3.5	2.4	2.9	1.7	2.1	2.2	5.0	3.6	3.1		2.43			1.70	1.32	1.60	
India	5.0	4.3	(1.9)	7.1	3.7	4.7	3.9	4.1	(1.4)	(0.9)	(0.2)	(0.8)	4.90	3.60	3.75	6.99	5.94	6.50	
Indonesia	5.0	0.8	5.4	5.2	2.8	2.8	3.0	3.2	(2.7)	(2.3)	(2.5)	(2.5)	-	4.00	4.25	7.04	7.51	7.05	
South Korea	2.0	(0.5)	3.0	2.7	0.4	0.5	1.2	1.8	3.4	3.9	4.0	3.4	-	0.50	0.70	1.68	1.41	1.63	
Malaysia	4.4	(2.7)	5.4	4.6	0.7	(0.2)	1.8	2.2	3.4	2.0	2.5	2.5	2.90	1.75	2.00	3.31	2.80	2.88	
Phillipines	5.9	(2.3)	7.0	6.0	2.5	2.2	3.0	3.4	(1.3)	(0.6)	(1.6)	(1.5)	4.00	2.45	2.90	/A	N/A	3.94	4.47
Singapore	0.6	(4.0)	3.9	2.7	0.6	(0.1)	1.0		17.5	15.7	16.5		-			1.73	1.53	1.81	
Taiwan	2.5	0.5	3.0	2.7	0.6	0.3	1.1	1.2	11.8	10.9	10.4	10.7	1.38	1.15	1.20	/A	N/A	0.64	0.83
Thailand	2.4	(5.4)	4.0	3.0	0.7	(1.1)	0.7	1.0	6.8	3.5	5.4	4.0	-	0.40	0.50	1.47	1.24	1.75	
Vietnam	7.0	2.8	7.5		5.2	3.5	3.5		2.3	1.8	2.3		9.00	5.85	5.75				

Source: Bloomberg. Data as of: 2020-06-02

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Picture description

Unknown master, detail from “Large dish with blue underglaze decoration”, 1662-1723

UNKNOWN MASTER

China, Jingdezhen, Kangxi period (1662–1723)
Porcelain, cobalt blue underglaze painting, diameter 49 cm

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